

SENATE BILL REPORT

SB 5455

As Reported By Senate Committee On:
International Trade & Economic Development, February 24, 2005

Title: An act relating to downtown and neighborhood commercial district revitalization.

Brief Description: Promoting economic revitalization.

Sponsors: Senators Mulliken and Rockefeller.

Brief History:

Committee Activity: International Trade & Economic Development: 2/10/05, 2/24/05 [DPS-WM].

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5455 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Doumit, Eide and Roach.

Staff: Joyce Ahlering (786-7486)

Background: In both rural and urban communities, downtown and neighborhood commercial districts have deteriorated in recent years. Since 1984, the Department of Community, Trade, and Economic Development (CTED) has operated the Downtown Revitalization Program, which promotes the improvement of neighborhood commercial districts. The program has certified nine areas of Washington that are taking on revitalization efforts as Main Street communities.

Summary of Substitute Bill: The Washington Main Street Program is created within CTED to provide technical and financial assistance to businesses, property owners, organizations, and local governments engaged in community revitalization projects. CTED is to adopt project selection criteria and create an advisory committee. With the committee, CTED is to develop a plan that describes program objectives, strategies, fundraising guidelines, and how various revitalization efforts will be coordinated.

A Main Street trust fund account is created within the state treasury. All receipts from program contributions, federal funds, legislative appropriations, and fees for services, if levied, are to be deposited into the fund.

A business or an individual who contributes to a revitalization program can receive business and occupation (B&O) or public utility tax (PUT) credits, but these credits must be approved by the Department of Revenue (DOR) prior to making the contribution. A business can receive a tax credit equal to 50 percent of a contribution to a revitalization program, and a person can receive a tax credit equal to 75 percent of a contribution.

The total credits allowed for contributions to each program are not to exceed 100,000 dollars per year. The total credits allowed for an individual person are not to exceed 250,000 dollars per year. Finally, the total credits allowed on a statewide basis are not to exceed two million dollars per year. The DOR is to track and record all approved tax credits under the program.

Substitute Bill Compared to Original Bill: The ability to receive PUT credits is added to the B&O tax credit incentive in the original bill. Businesses are to get approval from the DOR, not CTED, before receiving tax credits on program contributions. Clarifying language is added to ease the DOR's implementation of the tax credit and to limit the amount of tax credits that can be received.

Appropriation: None.

Fiscal Note: Requested on February 7, 2005.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Most small municipalities in the state do not have the resources to revitalize their communities on their own. The codification of the Main Street Program will help these communities pursue economic vitality and historic preservation. Furthermore, the tax credits for donations to these programs will give private businesses and individuals incentive to contribute to their community and will effectively partner private and public funding.

Testimony Against: None.

Who Testified: Senator Joyce Mulliken, prime sponsor; Mari Mullen, Port Townsend Main Street Program; Cris Beattie, Bainbridge Island Downtown Association; Bill Cook, City of Yakima; Nathan Torgelson, City of Kent; Suzanne Cameron, Kent Downtown Partnership; Jim Justin, Association of Washington Cities.